

107TH CONGRESS
1ST SESSION

H. R. 2272

IN THE SENATE OF THE UNITED STATES

OCTOBER 17, 2001

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

To amend the Foreign Assistance Act of 1961 to provide for debt relief to developing countries who take action to protect critical coral reef habitats.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. DEBT REDUCTION FOR DEVELOPING COUN-**
2 **TRIES WITH CORAL REEFS AND OTHER**
3 **COASTAL MARINE RESOURCES.**

4 The Foreign Assistance Act of 1961 (22 U.S.C. 2151
5 et seq.) is amended by adding at the end the following:

6 **“PART VI—DEBT REDUCTION FOR DEVELOPING**
7 **COUNTRIES WITH CORAL REEFS AND OTHER**
8 **COASTAL MARINE RESOURCES**

9 **“SEC. 901. SHORT TITLE.**

10 “This part may be cited as the ‘Coral Reef and
11 Coastal Marine Conservation Act of 2001’.

12 **“SEC. 902. FINDINGS AND PURPOSES.**

13 “(a) FINDINGS.—The Congress finds the following:

14 “(1) It is the established policy of the United
15 States to support and seek the protection and res-
16 toration of natural coastal marine areas, in par-
17 ticular coral reefs and other critically imperiled
18 coastal marine resources around the world, as dem-
19 onstrated by the establishment of the United States
20 Government’s Coral Reef Task Force under Execu-
21 tive Order 13089 (June 11, 1998) and by the em-
22 phasis given to coral reefs at the Conference on
23 Oceans held in Monterey, California.

24 “(2) Coral reefs and other coastal marine re-
25 sources provide a wide range of benefits to mankind
26 by—

1 “(A) harboring a major share of the
2 world’s marine biological diversity, and by act-
3 ing as seed-grounds and nurseries for many
4 deep-sea species; and

5 “(B) serving as the basis for major activi-
6 ties of critical economic, social, and cultural im-
7 portance, including fishing, pharmaceutical re-
8 search, recreation, tourism, and the natural pu-
9 rification and recharge of waters.

10 “(3) International organizations and assistance
11 programs to conserve coral reefs and other coastal
12 marine resources have proliferated in recent years,
13 but the rapid destruction of these resources nonethe-
14 less continues in many countries.

15 “(4) Poverty and economic pressures on many
16 developing countries, including the burden of official
17 debts, has promoted inefficient, unsustainable over-
18 exploitation of coral reefs and other coastal marine
19 resources, while also denying necessary funds to pro-
20 tection efforts.

21 “(5) Reduction of official, government-to-gov-
22 ernment debts can help reduce economic pressures
23 for over-exploitation of coral reefs and other coastal
24 marine resources and can mobilize additional re-
25 sources for their protection.

1 “(b) PURPOSES.—The purposes of this part are—

2 “(1) to recognize the values received by United
3 States citizens from protection of coral reefs and
4 other coastal marine resources;

5 “(2) to facilitate greater protection of remain-
6 ing coral reefs and other coastal marine resources,
7 and the recovery of damaged areas, by providing for
8 the alleviation of debt in countries where these re-
9 sources are located, thus allowing for the use of ad-
10 ditional resources to protect and restore such coral
11 reefs and other coastal marine resources, and to re-
12 duce economic pressures that have led to
13 unsustainable exploitation; and

14 “(3) to ensure that resources freed from debt in
15 such countries are rechanneled to protection of coral
16 reefs and other coastal marine resources.

17 **“SEC. 903. DEFINITIONS.**

18 “In this part:

19 “(1) ADMINISTERING BODY.—The term ‘admin-
20 istering body’ means the entity provided for in sec-
21 tion 908(c).

22 “(2) APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—The term ‘appropriate congressional com-
24 mittees’ means—

1 “(A) the Committee on International Rela-
2 tions and the Committee on Appropriations of
3 the House of Representatives; and

4 “(B) the Committee on Foreign Relations
5 and the Committee on Appropriations of the
6 Senate.

7 “(3) BENEFICIARY COUNTRY.—The term ‘bene-
8 ficiary country’ means an eligible country with re-
9 spect to which the authority of section 906(a) or
10 paragraph (1) or (2) of section 907(a) of this part
11 is exercised.

12 “(4) BOARD.—The term ‘Board’ means the
13 board referred to in section 910.

14 “(5) CORAL.—The term ‘coral’ means species
15 of the phylum Cnidaria, including—

16 “(A) all species of the orders Antipatharia
17 (black corals), Scleractinia (stony corals),
18 Alcyonacea (soft corals), Gorgonacea (horny
19 corals), Stolonifera (organpipe corals and oth-
20 ers), and Coenothecalia (blue coral), of the class
21 Anthozoa; and

22 “(B) all species of the order
23 Hydrocorallina (fire corals and hydrocorals) of
24 the class Hydrozoa.

1 “(6) CORAL REEF.—The term ‘coral reef’
2 means any reef or shoal composed primarily of cor-
3 als.

4 “(7) DEVELOPING COUNTRY WITH A CORAL
5 REEF OR OTHER COASTAL MARINE RESOURCE.—The
6 term ‘developing country with a coral reef or other
7 coastal marine resource’ means—

8 “(A)(i) a country that has a per capita in-
9 come of \$725 or less in 1994 United States dol-
10 lars (commonly referred to as ‘low-income coun-
11 try’), as determined and adjusted on an annual
12 basis by the International Bank for Reconstruct-
13 tion and Development in its World Development
14 Report; or

15 “(ii) a country that has a per capita in-
16 come of more than \$725 but less than \$8,956
17 in 1994 United States dollars (commonly re-
18 ferred to as ‘middle-income country’), as deter-
19 mined and adjusted on an annual basis by the
20 International Bank for Reconstruction and De-
21 velopment in its World Development Report;
22 and

23 “(B) a country that contains at least one
24 coral reef or other coastal marine resource that
25 is of conservation concern.

1 “(8) ELIGIBLE COUNTRY.—The term ‘eligible
2 country’ means a country designated by the Presi-
3 dent in accordance with section 905.

4 “(9) CORAL REEF AND OTHER COASTAL MA-
5 RINE RESOURCES AGREEMENT.—The term ‘Coral
6 Reef and Other Coastal Marine Resources Agree-
7 ment’ or ‘Agreement’ means an Coral Reef and
8 Other Coastal Marine Resources Agreement as pro-
9 vided for in section 908.

10 “(10) CORAL REEF AND OTHER COASTAL MA-
11 RINE RESOURCES FACILITY.—The term ‘Coral Reef
12 and Other Coastal Marine Resources Facility’ or
13 ‘Facility’ means the Coral Reef and Other Coastal
14 Marine Resources Facility established in the Depart-
15 ment of the Treasury by section 904.

16 “(11) CORAL REEF AND OTHER COASTAL MA-
17 RINE RESOURCES FUND.—The term ‘Coral Reef and
18 Other Coastal Marine Resources Fund’ or ‘Fund’
19 means a Coral Reef and Other Coastal Marine Re-
20 sources Fund provided for in section 909.

21 **“SEC. 904. ESTABLISHMENT OF THE FACILITY.**

22 There is established in the Department of the Treas-
23 ury an entity to be known as the ‘Coral Reef and Other
24 Coastal Marine Resources Facility’ for the purpose of pro-

1 viding for the administration of debt reduction in accord-
 2 ance with this part.

3 **“SEC. 905. ELIGIBILITY FOR BENEFITS.**

4 “(a) IN GENERAL.—To be eligible for benefits from
 5 the Facility under this part, a country shall be a devel-
 6 oping country with a coral reef or other coastal marine
 7 resource—

8 “(1) the government of which meets the re-
 9 quirements applicable to Latin American or Carib-
 10 bean countries under paragraphs (1) through (5)
 11 and (7) of section 703(a) of this Act; and

12 “(2) that has established investment reforms,
 13 as evidenced by the conclusion of a bilateral invest-
 14 ment treaty with the United States, implementation
 15 of an investment sector loan with the Inter-Amer-
 16 ican Development Bank, World Bank-supported in-
 17 vestment reforms, or other measures, as appropriate.

18 **“(b) ELIGIBILITY DETERMINATIONS.—**

19 “(1) IN GENERAL.—Consistent with subsection
 20 (a), the President shall determine whether a country
 21 is eligible to receive benefits under this part.

22 “(2) CONGRESSIONAL NOTIFICATION.—The
 23 President shall notify the appropriate congressional
 24 committees of the intention of the President to des-

3 **“SEC. 906. REDUCTION OF DEBT OWED TO THE UNITED**
4 **STATES AS A RESULT OF CONCESSIONAL**
5 **LOANS UNDER THIS ACT.**

6 “(a) AUTHORITY TO REDUCE DEBT.—

“(1) **AUTHORITY.**—The President may reduce the amount owed to the United States (or any agency of the United States) that is outstanding as of January 1, 1999, as a result of concessional loans made to an eligible country by the United States under this Act or predecessor foreign economic assistance legislation.

“(2) AUTHORIZATION OF APPROPRIATIONS.—

For the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) for the reduction of any debt pursuant to this section, there are authorized to be appropriated to the President \$10,000,000 for each of the fiscal years 2002 through 2005.

21 “(3) CERTAIN PROHIBITIONS INAPPLICABLE.—

“(A) IN GENERAL.—A reduction of debt pursuant to this section shall not be considered assistance for purposes of any provision of law limiting assistance to a country.

1 “(B) ADDITIONAL REQUIREMENT.—The
2 authority of this section may be exercised not-
3 withstanding section 620(r) of this Act or sec-
4 tion 321 of the International Development and
5 Food Assistance Act of 1975.

6 “(b) IMPLEMENTATION OF DEBT REDUCTION.—

7 “(1) IN GENERAL.—Any debt reduction pursu-
8 ant to subsection (a) shall be accomplished at the di-
9 rection of the Facility by the exchange of a new obli-
10 gation for obligations of the type referred to in sub-
11 section (a) outstanding as of the date specified in
12 subsection (a)(1).

13 “(2) EXCHANGE OF OBLIGATIONS.—

14 “(A) IN GENERAL.—The Facility shall no-
15 tify the United States Agency for International
16 Development of an agreement entered into
17 under paragraph (1) with an eligible country to
18 exchange a new obligation for outstanding obli-
19 gations.

20 “(B) ADDITIONAL REQUIREMENT.—At the
21 direction of the Facility, the old obligations that
22 are the subject of the agreement shall be can-
23 celed and a new debt obligation for the country
24 shall be established relating to the agreement,
25 and the United States Agency for International

1 Development shall make an adjustment in its
2 accounts to reflect the debt reduction.

3 “(c) **ADDITIONAL TERMS AND CONDITIONS.**—The
4 following additional terms and conditions shall apply to
5 the reduction of debt under subsection (a)(1) in the same
6 manner as such terms and conditions apply to the reduc-
7 tion of debt under section 704(a)(1) of this Act:

8 “(1) The provisions relating to repayment of
9 principal under section 705 of this Act.

10 “(2) The provisions relating to interest on new
11 obligations under section 706 of this Act.

12 **“SEC. 907. AUTHORITY TO ENGAGE IN DEBT-FOR-NATURE**
13 **SWAPS AND DEBT BUYBACKS.**

14 “(a) **LOANS AND CREDITS ELIGIBLE FOR SALE, RE-**
15 **DUCTION, OR CANCELLATION.**—

16 “(1) **DEBT-FOR-NATURE SWAPS.**—

17 “(A) **IN GENERAL.**—Notwithstanding any
18 other provision of law, the President may, in
19 accordance with this section, sell to any eligible
20 purchaser described in subparagraph (B) any
21 concessional loans described in section
22 906(a)(1), or on receipt of payment from an eli-
23 gible purchaser described in subparagraph (B),
24 reduce or cancel such loans or portion thereof,
25 only for the purpose of facilitating a debt-for-

1 nature swap to support eligible activities de-
2 scribed in section 908(d).

3 “(B) ELIGIBLE PURCHASER DESCRIBED.—

4 A loan may be sold, reduced, or canceled under
5 subparagraph (A) only to a purchaser who pre-
6 sents plans satisfactory to the President for
7 using the loan for the purpose of engaging in
8 debt-for-nature swaps to support eligible activi-
9 ties described in section 908(d).

10 “(C) CONSULTATION REQUIREMENT.—Be-

11 fore the sale under subparagraph (A) to any eli-
12 gible purchaser described in subparagraph (B),
13 or any reduction or cancellation under such
14 subparagraph (A), of any loan made to an eligi-
15 ble country, the President shall consult with the
16 country concerning the amount of loans to be
17 sold, reduced, or canceled and their uses for
18 debt-for-nature swaps to support eligible activi-
19 ties described in section 908(d).

20 “(D) AUTHORIZATION OF APPROPRIA-

21 TIONS.—For the cost (as defined in section
22 502(5) of the Federal Credit Reform Act of
23 1990) for the reduction of any debt pursuant to
24 subparagraph (A), amounts authorized to be
25 appropriated under section 906(a)(2) shall be

1 made available for such reduction of debt pur-
2 suant to subparagraph (A).

3 “(2) DEBT BUYBACKS.—Notwithstanding any
4 other provision of law, the President may, in accord-
5 ance with this section, sell to any eligible country
6 any concessional loans described in section
7 906(a)(1), or on receipt of payment from an eligible
8 purchaser described in paragraph (1)(B), reduce or
9 cancel such loans or portion thereof, only for the
10 purpose of facilitating a debt buyback by an eligible
11 country of its own qualified debt, only if the eligible
12 country uses an additional amount of the local cur-
13 rency of the eligible country, equal to not less than
14 the lessor of 40 percent of the price paid for such
15 debt by such eligible country, or the difference be-
16 tween the price paid for such debt and the face value
17 of such debt, to support eligible activities described
18 in section 908(d).

19 “(3) LIMITATION.—The authority provided by
20 paragraphs (1) and (2) shall be available only to the
21 extent that appropriations for the cost (as defined in
22 section 502(5) of the Federal Credit Reform Act of
23 1990) of the modification of any debt pursuant to
24 such paragraphs are made in advance.

1 “(4) TERMS AND CONDITIONS.—Notwith-
2 standing any other provision of law, the President
3 shall, in accordance with this section, establish the
4 terms and conditions under which loans may be sold,
5 reduced, or canceled pursuant to this section.

6 “(5) ADMINISTRATION.—

7 “(A) IN GENERAL.—The Facility shall no-
8 tify the Administrator of the United States
9 Agency for International Development of eligi-
10 ble purchasers described in paragraph (1)(B)
11 that the President has determined to be eligible
12 under paragraph (1), and shall direct such
13 agency to carry out the sale, reduction, or can-
14 cellation of a loan pursuant to such paragraph.

15 “(B) ADDITIONAL REQUIREMENT.—Such
16 agency shall make an adjustment in its ac-
17 counts to reflect the sale, reduction, or cancella-
18 tion of such a loan.

19 “(b) DEPOSIT OF PROCEEDS.—The proceeds from
20 the sale, reduction, or cancellation of any loan sold, re-
21 duced or canceled pursuant to this section shall be depos-
22 ited in the United States Government account or accounts
23 established for the repayment of such loan.

1 **“SEC. 908. CORAL REEF AND OTHER COASTAL MARINE RE-**
2 **SOURCES AGREEMENT.**

3 “(a) AUTHORITY.—

4 “(1) IN GENERAL.—The Secretary of State is
5 authorized, in consultation with other appropriate
6 officials of the Federal Government, to enter into a
7 Coral Reef and Other Coastal Marine Resources
8 Agreement with any eligible country concerning the
9 operation and use of the Fund for that country.

10 “(2) CONSULTATION.—In the negotiation of
11 such an Agreement, the Secretary shall consult with
12 the Board in accordance with section 910.

13 “(b) CONTENTS OF AGREEMENT.—The requirements
14 contained in section 708(b) of this Act (relating to con-
15 tents of an agreement) shall apply to an Agreement in
16 the same manner as such requirements apply to an Amer-
17 icas Framework Agreement.

18 “(c) ADMINISTERING BODY.—

19 “(1) IN GENERAL.—Amounts disbursed from
20 the Fund in each beneficiary country shall be admin-
21 istered by a body constituted under the laws of that
22 country.

23 “(2) COMPOSITION.—

24 “(A) IN GENERAL.—The administering
25 body shall consist of—

1 “(i) one or more individuals appointed
2 by the United States Government;

3 “(ii) one or more individuals ap-
4 pointed by the government of the bene-
5 ficiary country; and

6 “(iii) individuals who represent a
7 broad range of—

8 “(I) environmental non-govern-
9 mental organizations of, or active in,
10 the beneficiary country;

11 “(II) local community develop-
12 ment non-governmental organizations
13 of the beneficiary country; and

14 “(III) scientific, academic, or for-
15 estry organizations of the beneficiary
16 country.

17 “(B) ADDITIONAL REQUIREMENT.—A ma-
18 jority of the members of the administering body
19 shall be individuals described in subparagraph
20 (A)(iii).

21 “(3) RESPONSIBILITIES.—The requirements
22 contained in section 708(c)(3) of this Act (relating
23 to responsibilities of the administering body) shall
24 apply to an administering body described in para-
25 graph (1) in the same manner as such requirements

1 apply to an administering body described in section
2 708(c)(1) of this Act.

3 “(d) ELIGIBLE ACTIVITIES.—Amounts deposited in a
4 Fund shall be used only to provide grants to conserve,
5 maintain, and restore the coral reefs and other coastal ma-
6 rine resources in the beneficiary country, through one or
7 more of the following activities:

8 “(1) Establishment, restoration, protection, and
9 maintenance of parks, protected areas, and reserves.

10 “(2) Development and implementation of sci-
11 entifically sound systems of natural resource man-
12 agement, including ‘ridgeline to reef’ and ecosystem
13 management practices.

14 “(3) Training programs to increase the sci-
15 entific, technical, and managerial capacities of indi-
16 viduals and organizations involved in conservation
17 efforts.

18 “(4) Restoration, protection, or sustainable use
19 of diverse marine animal and plant species.

20 “(5) Development and support of the livelihoods
21 of individuals living near a coral reef or other coast-
22 al marine resource, in a manner consistent with pro-
23 tecting those resources.

24 “(e) GRANT RECIPIENTS.—

1 “(1) IN GENERAL.—Grants made from a Fund
2 shall be made to—

3 “(A) nongovernmental environmental, for-
4 estry, conservation, and indigenous peoples or-
5 ganizations of, or active in, the beneficiary
6 country;

7 “(B) other appropriate local or regional
8 entities of, or active in, the beneficiary country;
9 or

10 “(C) in exceptional circumstances, the gov-
11 ernment of the beneficiary country.

12 “(2) PRIORITY.—In providing grants under
13 paragraph (1), priority shall be given to projects
14 that are run by nongovernmental organizations and
15 other private entities and that involve local commu-
16 nities in their planning and execution.

17 “(f) REVIEW OF LARGER GRANTS.—Any grant of
18 more than \$100,000 from a Fund shall be subject to veto
19 by the Government of the United States or the govern-
20 ment of the beneficiary country.

21 “(g) ELIGIBILITY CRITERIA.—In the event that a
22 country ceases to meet the eligibility requirements set
23 forth in section 905(a), as determined by the President
24 pursuant to section 905(b), then grants from the Fund
25 for that country may only be made to nongovernmental

1 organizations until such time as the President determines
2 that such country meets the eligibility requirements set
3 forth in section 905(a).

4 **“SEC. 909. CORAL REEF AND OTHER COASTAL MARINE RE-**
5 **SOURCES FUND.**

6 “(a) ESTABLISHMENT.—Each beneficiary country
7 that enters into a Coral Reef and Other Coastal Marine
8 Resources Agreement under section 908 shall be required
9 to establish a Coral Reef and Other Coastal Marine Re-
10 sources Fund to receive payments of interest on new obli-
11 gations undertaken by the beneficiary country under this
12 part.

13 “(b) REQUIREMENTS RELATING TO OPERATION OF
14 FUND.—The following terms and conditions shall apply
15 to the Fund in the same manner as such terms as condi-
16 tions apply to an Enterprise for the Americas Fund under
17 section 707 of this Act:

18 “(1) The provision relating to deposits under
19 subsection (b) of such section.

20 “(2) The provision relating to investments
21 under subsection (c) of such section.

22 “(3) The provision relating to disbursements
23 under subsection (d) of such section.

1 **“SEC. 910. BOARD.**

2 “(a) ENTERPRISE FOR THE AMERICAS BOARD.—The
3 Enterprise for the Americas Board established under sec-
4 tion 610(a) of the Agricultural Trade Development and
5 Assistance Act of 1954 (7 U.S.C. 1738i(a)) shall, in addi-
6 tion to carrying out the responsibilities of the Board under
7 section 610(c) of such Act, carry out the duties described
8 in subsection (c) of this section for the purposes of this
9 part.

10 “(b) MEMBERSHIP.—

11 “(1) INITIAL MEMBERSHIP.—Of the six mem-
12 bers of the Enterprise for the Americas Board ap-
13 pointed by the President under section 610(b)(1)(A)
14 of the Agricultural Trade Development and Assist-
15 ance Act of 1954 (7 U.S.C. 1738i(b)(1)(A)), at least
16 one shall be a representative of the Department of
17 State, at least one shall be a representative of the
18 Department of the Treasury, and at least one shall
19 be a representative of the Inter-American Founda-
20 tion.

21 “(2) ADDITIONAL MEMBERSHIP.—The Enter-
22 prise for the Americas Board shall be composed of
23 an additional four members appointed by the Presi-
24 dent as follows:

25 “(A) Two representatives from the United
26 States Government, including a representative

1 of the National Oceanographic and Atmospheric
2 Administration (NOAA) and a representative of
3 the United States Geological Survey (USGS).

4 “(B) Two representatives from private
5 nongovernmental environmental, scientific, for-
6 estry, or academic organizations with experience
7 and expertise in preservation, maintenance, sus-
8 tainable uses, and restoration of coral reefs and
9 other coastal marine resources.

10 “(c) DUTIES.—The duties described in this sub-
11 section are as follows:

12 “(1) Advise the Secretary of State on the nego-
13 tiations of Coral Reef and Other Coastal Marine Re-
14 sources Agreements.

15 “(2) Ensure, in consultation with—

16 “(A) the government of the beneficiary
17 country;

18 “(B) nongovernmental organizations of the
19 beneficiary country;

20 “(C) nongovernmental organizations of the
21 region (if appropriate);

22 “(D) environmental, scientific, oceano-
23 graphic, and academic leaders of the beneficiary
24 country; and

1 “(E) environmental, scientific, oceano-
2 graphic, and academic leaders of the region (as
3 appropriate),
4 that a suitable administering body is identified for
5 each Fund.

6 “(3) Review the programs, operations, and fis-
7 cal audits of each administering body.

8 **“SEC. 911. CONSULTATIONS WITH THE CONGRESS.**

9 “The President shall consult with the appropriate
10 congressional committees on a periodic basis to review the
11 operation of the Facility under this part and the eligibility
12 of countries for benefits from the Facility under this part.

13 **“SEC. 912. ANNUAL REPORTS TO THE CONGRESS.**

14 “(a) IN GENERAL.—Not later than December 31 of
15 each year, the President shall prepare and transmit to the
16 Congress an annual report concerning the operation of the
17 Facility for the prior fiscal year. Such report shall
18 include—

19 “(1) a description of the activities undertaken
20 by the Facility during the previous fiscal year;

21 “(2) a description of any Agreement entered
22 into under this part;

23 “(3) a report on any Funds that have been es-
24 tablished under this part and on the operations of
25 such Funds; and

1 “(4) a description of any grants that have been
2 provided by administering bodies pursuant to Agree-
3 ments under this part.

4 “(b) SUPPLEMENTAL VIEWS IN ANNUAL REPORT.—
5 Not later than December 15 of each year, each member
6 of the Board shall be entitled to receive a copy of the re-
7 port required under subsection (a). Each member of the
8 Board may prepare and submit supplemental views to the
9 President on the implementation of this part by December
10 31 for inclusion in the annual report when it is trans-
11 mitted to Congress pursuant to this section.”.

 Passed the House of Representatives October 16,
2001.

Attest:

JEFF TRANDAHL,
Clerk.